

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-04 H-02 INR-07 L-03

NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06 SAM-01

AID-05 EB-07 OPIC-03 TRSE-00 OMB-01 COME-00 /076 W

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R 201058Z DEC 75

FM AMEMBASSY BONN

TO SECSTATE WASHDC 5259

INFO AMEMBASSY LISBON

AMEMBASSY LONDON

AMEMBASSY ROME

AMEMBASSY STOCKHOLM

USMISSION NATO BRUSSELS

AMEMBASSY COPENHAGEN

USMISSION EC BRUSSELS

C O N F I D E N T I A L SECTION 01 OF 02 BONN 20594

E.O. 11652: GDS

TAGS: PFOR, IT, PO, XY, GW

SUBJECT: PORTUGUESE SOCIALIST LEADER VISITS BONN

REF: LISBON 7493-C; ROME 18381-C; STOCKHOLM 6328-C

SUMMARY: PORTUGUESE SOCIALIST LEADER SOARES VISITED
BONN DEC. 16-18. SOARES MET WITH LEADING SPD AND GOV-
ERNMENT OFFICIALS AND BRIEFED THEM ON THE POST-NOV. COUP
SITUATION IN PORTUGAL. SOARES TOLD FOREIGN MINISTER
GENSCHER THAT ECONOMIC SITUATION WOULD BECOME CRITICAL
IN THREE TO FOUR MONTHS. THERE HAVE
BEEN UNCONFIRMED PRESS REPORTS THAT THE FEDERAL GOVERN-
MENT IS PREPARED TO MAKE \$26.6 MILLION IN CREDITS
AVAILABLE TO PORTUGAL. HOWEVER, CHANCELLOR SCHMIDT TOLD
A RADIO INTERVIEWER THAT HE WOULD PREFER MULTILATERAL
FINANCIAL ASSISTANCE TO PORTUGAL. SPD CHAIRMAN WILLY
BRANDT CALLED FOR IMMEDIATE FRG AND EC ECONOMIC ASSIS-
TANCE TO PORTUGAL. THE CDU HAS BEGUN A CAMPAIGN TO
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RAISE PRIVATE CONTRIBUTIONS FOR THE CHRISTIAN

DEMOCRATIC PARTIES IN SPAIN AND PORTUGAL. ONE OF THE PARTICIPANTS WHO KNOWS SOARES WELL SAID THAT SOARES' CALL FOR A MEETING OF LATIN EUROPEAN SOCIALIST AND COMMUNIST PARTIES WAS A PLOY TO "BOX IN" PORTUGUESE COMMUNIST LEADER CUNHAL. END SUMMARY

1. PORTUGUESE SOCIALIST LEADER SOARES VISITED BONN DEC. 16-18. DURING THE VISIT, HE MET WITH SPD CHAIRMAN WILLY BRANDT, CHANCELLOR HELMUT SCHMIDT, DEFENSE MINISTER LEBER, AND FOREIGN MINISTER GENSCHER. FONOFF STATE MINISTER WISCHNEWSKI ALSO GAVE A DINNER FOR SOARES ON THE EVENING OF THE 17TH.

2. ACCORDING TO SPD INTERNATIONAL SECRETARY DINGELS, SOARES' MOOD WAS MORE OPTIMISTIC THAN IT HAD BEEN DURING PAST VISITS. SOARES BRIEFED THE WEST GERMANS ON THE SITUATION IN PORTUGAL IN THE WAKE OF THE ABORTIVE COMMUNIST COUP LAST NOVEMBER. HE ALSO TOLD HIS GERMAN HOSTS THE SITUATION HAD STABILIZED TO THE DEGREE THAT NOW THE GOVERNMENT AND PEOPLE OF PORTUGAL COULD DEVOTE THEIR ENERGIES TO THE CRITICAL PROBLEM OF REBUILDING PORTUGAL'S ECONOMY. REPORTEDLY, SOARES CONTINUALLY STRESSED THE NEED FOR INCREASED FOREIGN INVESTMENT IN PORTUGAL, INCLUDING PRIVATE INVESTMENT.

3. IT WAS DINGELS' IMPRESSION THAT SOARES WAS PROMOTING A MEETING OF LATIN EUROPEAN SOCIALIST AND COMMUNIST PARTIES IN ORDER TO BOX IN PORTUGUESE COMMUNIST LEADER CUNHAL. DINGELS SAID THAT "MARIO WAS MORE INTERESTED IN THE IDEA OF A CONFERENCE THAN IN HAVING THE CONFERENCE ITSELF."

4. DINGELS BELIEVES THAT SOARES' PUBLIC STATEMENTS THAT HIS CLOSEST ALLY WAS THE SPD WAS NOT ONLY PLEASING FOR THE GERMANS TO HEAR BUT WAS POLITICALLY IMPORTANT BECAUSE IT WAS AN INDICATION OF SOARES' BASIC POLITICAL ORIENTATION. SOARES, HE SAID, FELT THAT THE SPD HAD SUPPORTED THE PORTUGUESE SOCIAL DEMOCRATS IN THEIR HOUR OF NEED AND HAD HELPED BUILD SUPPORT FOR THE

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PORTUGUESE SOCIALISTS IN OTHER EUROPEAN COUNTRIES. DINGELS ALSO COMMENTED THAT SOARES WAS VERY INTERESTED IN HAVING GOOD RELATIONS WITH THE AMERICAN EMBASSY IN LISBON.

5. THERE HAVE BEEN PRESS REPORTS THAT THE FEDERAL GOVERNMENT IS CONSIDERING FINANCIAL ASSISTANCE TO PORTUGAL IN THE AMOUNT OF \$26.6 MILLION SECURED AGAINST

PORTUGUESE GOLD RESERVES (COMMENT: A FOREIGN OFFICE SOURCE WAS NOT ABLE TO CONFIRM THIS REPORT). THE BONN NEWSPAPER "GENERAL ANZEIGER" CARRIED A BRIEF FRONT-PAGE STORY WHICH CLAIMED THAT THE FEDERAL REPUBLIC WAS THINKING IN TERMS OF THE SO-CALLED "ITALIAN MODEL" (IN

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R 201058Z DEC 75
FM AMEMBASSY BONN
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AMEMBASSY STOCKHOLM
USMISSION NATO BRUSSELS
AMEMBASSY COPENHAGEN
USMISSION EC BRUSSELS

C O N F I D E N T I A L SECTION 02 OF 02 BONN 20594

1974 THE FEDERAL GOVERNMENT PROVIDED TWO BILLION DOLLARS IN CREDITS TO ITALY WHICH WAS SECURED BY ITALIAN GOLD RESERVES). HOWEVER, CHANCELLOR SCHMIDT HAS SAID THAT HE WOULD PREFER A MULTILATERAL AID PACKAGE FOR PORTUGAL. THE CDU IS ATTEMPTING TO RAISE PRIVATE CONTRIBUTIONS TO HELP THE CHRISTIAN DEMOCRATIC PARTIES IN SPAIN AND PORTUGAL. CDU POLITICIANS HAVE SENT OUT 30,000 LETTERS REQUESTING CONTRIBUTIONS.

6. ACCORDING TO A FOREIGN OFFICE SOURCE, SOARES WARNED

IN HIS MEETING WITH FOREIGN MINISTER GENSCHER ON
DEC. 18 THAT THE ECONOMIC SITUATION IN PORTUGAL WOULD
BECOME CRITICAL IN THREE TO FOUR MONTHS. SOARES
SAID THIS COULD LEAD TO GREAT SOCIAL UNREST, INCLUDING
THE POSSIBILITY OF A RIGHTIST COUP ATTEMPT. BECAUSE OF
THE CRITICAL ECONOMIC SITUATION, SOARES EMPHASIZED THAT
COMMUNIST PARTICIPATION IN THE GOVERNMENT WAS IMPORTANT
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SO THAT THEY TOO WOULD SHARE THE RESPONSIBILITY FOR THE
ECONOMIC CRISIS. HOWEVER, THE PRINCIPAL CONDITION FOR
SUCH COMMUNIST PARTICIPATION IN THE GOVERNMENT WOULD
BE THEIR AGREEMENT TO PLAY BY DEMOCRATIC
RULES. FINALLY, SOARES URGED GENSCHER TO VISIT
PORTUGAL. GENSCHER AGREED TO DO SO, AND IT APPEARS
THAT THE VISIT WILL TAKE PLACE ON FEBRUARY 5-6.

7. FOLLOWING THE SOARES' VISIT, WILLY BRANDT MADE A
STATEMENT TO THE PRESS PROPOSING THAT THE EUROPEAN
COMMUNITY AND THE GERMAN GOVERNMENT GIVE IMMEDIATE
ECONOMIC SUPPORT TO PORTUGAL. HE ALSO CALLED FOR
GERMAN FIRMS TO ACCEPT THE PORTUGUESE OFFERS FOR
COOPERATIVE BUSINESS VENTURES, AND FOR INCREASED GERMAN
TOURISM TO PORTUGAL.
HILLENBRAND

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